

GENERAL ORDINANCE NO. G 21-72

An Ordinance authorizing and approving joinder of Board of Works in petition to Public Service Commission of Indiana for adjustment in electric rates.

WHEREAS, the cost of fuel in generating and distribution of electric utilities is one of the largest items of operating expense; and

WHEREAS, the cost of purchased electricity is the largest single item of operating expense in the cost of each distribution utility; and

WHEREAS, City Utilities is not only a generating utility but is also a distribution utility and purchases much of its electric light and power from Indiana & Michigan Electric Company at wholesale rate, which said wholesale rate is also affected by the upward and downward adjustment in fuel costs; and

WHEREAS, the petition of various utility companies to be presented before the meeting of the Public Service Commission on January 8, 1973 if granted would operate so as to permit each generating utility and each distribution utility engaged in electric distribution service, subject to the rate making jurisdiction of the Commission to make correlative changes in its consumer rate schedules from time to time in effect on file with the Commission, corresponding in all material and appropriate respects with changes in the cost of fuel.

NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA, that approval is hereby given to the Board of Public Works of the City of Fort Wayne, Indiana to join in a petition to the Public Service Commission of Indiana to effectively request an Order authorizing and approving the fuel adjustment clauses as proposed in said petition and the adjustment of such fuel adjustment clauses by either electric public utilities and municipally owned electric utilities to accomplish the above and foregoing.

THIS ORDINANCE shall be in full force and effect from its passage and signature by the Mayor.

Eugene Krausk.
Councilman

Approved as to form
and legality: John H. Logan
Associate City Attorney

Read the first time in full and on motion by Burns seconded by Hinga and duly adopted, read the second time by title and referred to the Committee on City Utilities (and to the City Plan Commission for recommendation) (and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on the _____ day of _____, 19____, at _____ o'clock P.M., E.S.T.

Date: 12/5/72 Charles W. Westerman
CITY CLERK

Read the third time in full and on motion by Burns seconded by Talarico and duly adopted, placed on its passage. Passed (~~LOST~~) by the following vote:

	AYES <u>8</u>	NAYS <u>0</u>	ABSTAINED _____	ABSENT <u>1</u> to-wit:
Burns	<u>✓</u>	_____	_____	_____
Hinga	_____	_____	_____	<u>X</u>
Kraus	<u>✓</u>	_____	_____	_____
Nuckols	<u>✓</u>	_____	_____	_____
Moses	<u>✓</u>	_____	_____	_____
Schmidt, D.	<u>✓</u>	_____	_____	_____
Schmidt, V.	<u>✓</u>	_____	_____	_____
Stier	<u>✓</u>	_____	_____	_____
Talarico	<u>✓</u>	_____	_____	_____

Date 12/12/72 Charles W. Westerman
CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana as (Zoning Map) (General) (Annexation) (~~Special~~) (~~Appropriation~~) Ordinance (~~Resolution~~) No. 17-21-72 on the 12th day of December, 1972.

ATTEST: (SEAL) Charles W. Westerman John Nuckols
CITY CLERK PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 13th day of December, 1972 at the hour of 10:00 o'clock A.M., E.S.T.

Charles W. Westerman
CITY CLERK

Approved and signed by me this 13th day of December, 1972 at the hour of 1:00 o'clock P.M., E.S.T.

Sam A. Rebaw
MAYOR

Bill No. G-72-12-15

REPORT OF THE COMMITTEE ON CITY UTILITIES

We, your Committee on City Utilities to whom was referred an Ordinance
authorizing and approving joinder of Board of Works
in petition to Public Service Commission of Indiana
for adjustment in electric rates.

have had said Ordinance under consideration and beg leave to report back to the Common
Council that said Ordinance DO PASS.

Paul M. Burns, Chairman

Eugene Kraus, Jr. Vice-Chairman

Donald J. Schmidt

William T. Hinga

Winfield C. Moses, Jr.

Paul M. Burns
Eugene Kraus Jr.

DJ Schmidt

(A)

W. C. Moses Jr.

STATE OF INDIANA

PUBLIC SERVICE COMMISSION OF INDIANA

PETITION OF EACH SIGNATORY HERETO, WHICH)
IS EITHER AN ELECTRIC UTILITY OR A MUNICI-)
PALITY THAT OWNS AND OPERATES AN ELECTRIC)
UTILITY OR A RURAL ELECTRIC MEMBERSHIP)
CORPORATION ENGAGED IN ELECTRIC DISTRIBUTION)
SERVICE WITHIN THE STATE OF INDIANA,)
FOR AUTHORITY TO INCLUDE IN ITS EXISTING)
SCHEDULES OF RATES, RULES AND REGULATIONS)
NOW ON FILE WITH THE COMMISSION A PROVI-)
SION DESIGNED SOLELY TO AFFORD IT THE)
RIGHT TO INCREASE OR DECREASE THE AMOUNT)
BILLED ITS CUSTOMERS BY THE AMOUNT OF (i))
THE INCREASE OR DECREASE IN ITS COST OF)
FUEL (EXCLUDING NUCLEAR FUEL) IN THE CASE)
OF A GENERATING UTILITY AND (ii) THE IN-)
CREASE OR DECREASE IN THE COST OF PURCHASED)
POWER IN THE CASE OF A DISTRIBUTION UTILITY,)
THE EFFECT OF WHICH IS TO INCREASE OR DE-)
CREASE ITS COST OF ELECTRICITY.)

CAUSE NO. 33061

PETITION

TO THE PUBLIC SERVICE COMMISSION OF INDIANA:

Petitioners, the signatories hereto, respectfully represent and show to the Commission that:

1. Organization and Business of Petitioners. Each Petitioner is either an "electric public utility" that owns and operates an "electric utility", or a "municipality" that owns and operates a "municipally owned electric utility", or a rural electric membership corporation (REMC) that owns and operates an "electric system", engaged in the distribution of electric service, all in the State of Indiana, within the meaning of those terms as used in the Public Service Commission Act and other applicable acts, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including its rates, rules and regulations applicable to the business conducted by it.

The location of the principal office of each Petitioner, the names of the counties of the State of Indiana in which each Petitioner conducts its business, and the names and addresses of the counsel for each Petitioner authorized to accept service of papers in this cause on its behalf, are set forth on annexed Exhibits Nos. 1 to 8, respectively.

Petitioners are divided into the following two categories:

(i) those Petitioners (Generating Utilities) who own, operate, manage and control plant and equipment used and useful for the convenience of the public to generate, purchase, transmit, distribute and sell electricity to their customers for domestic, commercial, industrial or public authority use, and (ii) those Petitioners (Distribution Utilities) who own, operate, manage and control plant and equipment used and useful for the convenience of the public to purchase, transmit, distribute and sell electricity to their customers for domestic, commercial, industrial or public authority use. Substantially all of the electricity distributed and sold by each of the Distribution Utilities is electricity purchased from a Generating Utility or Utilities.

2. Increases in Cost of Fuel To Generating Utilities. The cost of fuel (as used herein does not include nuclear fuel) to the Generating Utilities has been increasing rapidly over the past five years and present indications are that such cost will continue to increase substantially in the future at a rapid pace, and this has made it necessary to file this petition.

While Generating Utilities have certain rate schedules which contain a fuel adjustment clause that allows this increased cost to be recovered from certain retail customers, usually commercial and industrial customers, and from wholesale customers, i.e., Distribution Utilities, not all rate schedules contain such

provisions. Further, the Commission has not generally approved the use of a fuel adjustment clause for residential rates; therefore, a substantial part of the increased cost of fuel cannot be recovered by the Generating Utilities from this class of customer.

3. Increases in Fuel Costs Recovered From Distribution Utilities. Substantially all of the contracts of the Generating Utilities for sales for resale to the Distribution Utilities contain a fuel adjustment clause. Therefore, charges for electricity purchased by the Distribution Utilities have increased substantially as the result of the operation of the fuel adjustment clause in rate schedules of the Generating Utilities. However, the Commission has not allowed these increased charges to be recovered by the Distribution Utilities from all their customers, mainly the residential class of customers which often comprises the bulk of their sales.

The inability of the Distribution Utilities fully to recover these increased charges has also made necessary the filing of this petition.

4. Petitioners' Recent Rate Experience. During the past two years a substantial number of Generating and Distribution Utilities found it necessary to prosecute to conclusion before the Commission separate proceedings for upward adjustments in their respective rates for retail electric service, and each was duly authorized to increase its rates for such service by appropriate Orders approved by the Commission. Such rate adjustments were required in order to enable such Petitioners to keep abreast of rapidly increasing operating and financial costs, particularly in respect of increased fuel costs, labor costs (including employee insurance costs and employee fringe benefits), depreciation expense,

cost of materials and real estate and personal property taxes.

As fuel costs of the Generating Utilities continue to increase and are passed on to the Distribution Utilities, the attritional effect upon the operating income of each of the Distribution Utilities will, unless a fuel cost recovery provision is applied to all rate schedules applicable to their metered retail customers, require each of such Petitioners to seek rate relief from this Commission in the near future.

It is, and has been at all times, imperative and in the public interest for all Generating Utilities and all Distribution Utilities to maintain their financial integrity and vitality, and to maintain their properties in a good state of operating condition, so as to assure their ability to provide adequate, dependable, efficient and economic service to their customers, and to the public dependent upon them for such service within their respective franchised and certificated service areas.

The attritional effect of escalating fuel costs upon the operating income of each of such Petitioners will, unless a fuel adjustment clause is applied to all rate schedules applicable to metered retail customers, require each of such Petitioners to seek more frequent rate relief from this Commission in the future.

5. Need for Fuel Cost Adjustment. The cost of fuel is one of the largest items of operating expense in the cost of service of each of the Generating Utilities, and the cost of purchased electricity is the largest single item of operating expense in the cost of service of each Distribution Utility. The total cost of service of each Petitioner is highly sensitive to the variations in the cost of fuel, whether a direct cost as in the case of the Generating Utilities or a passed on cost as in the case of the Distribution Utilities, and it is imperative that

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adequate provision be made at this time for inclusion in the existing retail rate schedules now on file with the Commission by each electric public utility, each municipally-owned electric utility and each REMC engaged in electric distribution service, to recover the cost of fuel. Such provision will permit Petitioners and others duly authorized to recover no more than the cost of fuel actually incurred by them, either directly by the Generating Utilities or indirectly by the Distribution Utilities. Such a provision would have the effect of increasing or decreasing operating revenues by approximately the amount of the increased or decreased cost of fuel, but would not have the effect of increasing operating income. It would operate partially to offset the loss of operating income which is otherwise inevitable as the result of increasing fuel costs. Since such provision is also designed to give effect to fuel cost decreases, as well as increases, it would operate to assure that ultimate consumers would receive the benefits of any reduced fuel costs experienced by Petitioners, or others, whose schedules of rates, rules and regulations include such a provision.

6. Proposed Fuel Cost Adjustment Clauses. The respective fuel cost adjustment clauses for Generating Utilities and for Distribution Utilities proposed herein (hereinafter referred to the "fuel adjustment clauses") will be submitted to the Commission at or prior to the date of the hearing. If authorized and approved by the Commission, after its investigation thereof and conduct of a public hearing thereon, such clauses would operate so as to permit each Generating Utility and each Distribution Utility engaged in electric distribution service subject to the rate making jurisdiction of the Commission to make correlative changes in its consumer rate schedules from time to time in effect and

on file with the Commission, corresponding in all material and appropriate respects with changes in the cost of fuel.

7. Operative Effect of Fuel Adjustment Clause and Fuel Cost Recovery Provision. The fuel adjustment clauses proposed herein would increase or decrease with the cost of fuel and would operate on the sales of electricity to the customers of Generating Utilities and the Distribution Utilities, respectively, ultimately authorized to incorporate such provisions in their filed schedules of rates, rules, and regulations, and not upon the generation of electricity in the case of Generating Utilities or the purchases of electricity by the Distribution Utilities. As a consequence thereof, the full amount of increases resulting from fuel adjustment increases will not be fully recovered because taxes resulting from the increased revenues derived from such provisions will not be taken into account in the computation of the proper fuel adjustment. To that extent, therefore, the full amount of the increased cost of fuel will not be recovered by them from their customers.

8. Petitioners' Proposed Fuel Cost Adjustment Clauses Are Beneficial to All Concerned, and Are in the Public Interest. Petitioners' proposed fuel adjustment clauses will eliminate the necessity for an electric public utility, a municipally owned electric utility or a REMC, subject to the rate making jurisdiction of the Commission, to make a full and complete rate filing with the Commission in the usual, ordinary and conventional manner each time fuel costs change in the case of Generating Utilities and each time one or more Generating Utilities makes a fuel cost adjustment to a Distribution Utility. The proposed fuel adjustment clauses will reduce the number of costly and protracted formal rate proceedings which otherwise would be required, and accordingly reduce the work load of the Commission and its staff.

The regulation of retail electric rates, insofar as the same are based upon changing fuel costs, can best be accomplished by the simplified and shortened procedure of the fuel adjustment clauses rather than by the more cumbersome, orthodox, lengthy and expensive proceedings of the conventional full-scale rate case. Savings of rate case expenses by the Commission and by the utilities will be in the interest of the public and the rate-payers.

The fuel adjustment clauses will assure the ratepayers that they are paying only the current cost of fuel, rather than a cost of fuel built into a rate that at any given time may be too high or too low.

The authorization and approval of the fuel adjustment clauses proposed herein would not deprive the Commission of continuing supervision, control and regulation over the operation thereof since informational filings with the Commission can be required thereunder before any coincidental rate adjustments may be made on the basis thereof.

The Commission will continue to have its full statutory power and authority to investigate at any time the level of retail rates charged by each utility subject to its rate making jurisdiction, and to hold such public hearings and direct such changes in consumer rates as might be justified and required in the public interest.

9. Applicable Sections of Public Service Commission Act.

The statutory power and authority of the Commission to authorize and approve the adoption of fuel adjustment clauses such as proposed herein by Petitioners is contained in the several sections of the Public Service Commission Act, particularly §§54-201, 54-313, 54-314, 54-317, 54-412, 54-415, 54-423, 54-426,

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54-609, 54-613, 54-712, 54-4417 and 54-4418 of Burns' Ind. Stat. Ann. (1951 Replacement), which, among others, may be deemed to be applicable to the subject matter of this petition.

10. Counterparts of Petition. This petition may be executed in any number of separate counterparts by Petitioners, or by others seeking to join with Petitioners in this proceeding, each of which, when executed and delivered by any Petitioner, or by any other signatory to a counterpart hereof, shall be deemed to be an original, and all such counterparts shall together constitute one and the same petition.

11. Other Parties. Any electric public utility, Indiana municipality, or REMC, that owns and operates a utility or system engaged in electric distribution service in the State of Indiana, may join with Petitioners in this proceeding, either by executing and filing a counterpart hereof with the Commission, or by filing a separate petition to intervene, including such public hearings, as the Commission may in due course order and conduct in this cause. The matters involved herein are not confined to Petitioners alone, but are common to electric retail service throughout Indiana of which Petitioners only supply a portion.

12. Indiana Statewide Rural Electric Cooperative, Inc. Petitioner, Indiana Statewide Rural Electric Cooperative, Inc. (Statewide) is incorporated under the Rural Electric Membership Corporation Act of Indiana. It is a non-profit, cooperative membership "general district corporation" with its members being "local district corporations" operating rural electric distribution systems.

Statewide functions as the service organization of its members performing various types of services which its members require in order to operate their electric distribution systems successfully including the negotiation of wholesale power contracts

with suppliers. It was organized and is owned and controlled by its members. Its member local district corporations are listed on Exhibit 9 which is attached hereto and made a part hereof. Statewide, in joining as a Petitioner herein, is acting for and on behalf of its member local district corporations and reserves the right to file further pleadings on its behalf as well as on behalf of its members.

WHEREFORE, Petitioners respectfully pray the Public Service Commission of Indiana to make such investigation, to give and publish such notices, and to hold such public hearings, making each electric public utility, each municipally-owned electric utility and each REMC engaged in electric generation and/or distribution service, subject to its rate making jurisdiction, parties respondent hereto, as it may deem necessary, desirable or advisable in this cause, and, thereafter, on the basis of the evidence adduced of record before it, to make and enter an Order authorizing and approving the fuel adjustment clauses as proposed herein and the adoption of such fuel adjustment clauses by each electric public utility, and by each municipally-owned electric utility and each REMC engaged in electric generation and/or distribution service, subject to its rate making jurisdiction, that may desire to adopt such fuel adjusted clauses and to file the same with the Commission as a part of its schedules of rates, rules and regulations approved by and on file with the Commission from time to time, to become effective from and after the date of the filing thereof with the Tariff Division of the Engineering Department of the Commission, and to make such other and further orders herein as it may deem appropriate and proper.

CITY OF FORT WAYNE, INDIANA

By: BOARD OF PUBLIC WORKS

J. D. Boswell
Ronald L. Bonar
William G. Williams

MAYOR

Ivan A. Lebamoff 71

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

Before me, the undersigned, a Notary Public, in and
for said County and State, personally appeared

Dr. Jerry D. Boswell
Ronald L. Bonar
William G. Williams
Mayor Ivan A. Lebamoff

each being duly sworn upon his oath stated that they are

Board of Public Works and Mayor

of the City of Fort Wayne, Indiana; that they have read and
signed the foregoing petition and that the matters and facts
therein set forth are true to the best of their knowledge,
information and belief.

WITNESS my hand and Notarial Seal this 4th day of

December, 1972.

Edna L. Smith
Notary Public

My Commission Expires:

October 13, 1976

CITY OF FORT WAYNE, INDIANA

- I. Location of principal office:
Room 920, One Main Street, City-County Building, Fort Wayne, Indiana
- II. County in Indiana where business is conducted:
Allen
- III. Name and address of counsel authorized to accept service:
David B. Keller
City Attorney
825 Anthony Wayne Bank Building
Fort Wayne, Indiana 46802

House Memorandum

To Mr. John Logan, Associate City Attorney Date December 5, 1972
From Ron Bonar
Subject PSCI Petition - Electric Rates

COPIES TO:

Attached is a copy of the petition we are filing at the PSCI jointly with several other cities across the State for approval of a fuel clause provision. This provision will allow the electric utility to increase its rates in proportion and at the same time our fuel costs increase, or at the time I & M's wholesale rate is increased due to their fuel clause adjustment.

A hearing has been set at the PSCI in Indianapolis on January 8. We need Councilmanic approval of this petition in ordinance form and would like, if at all possible, to have it prior to the January 8 hearing.

No * Would you please review the law and advise if the Council is required to hold a public hearing.

If at all possible, we would like to have this introduced to the Council for their meeting this evening. We discussed this with the Council at our Board of Works briefing on Monday evening.

Please call me after you have a chance to check it out.

Yours truly,

Ron
Ron Bonar
BOARD OF PUBLIC WORKS

RB:rs
Attachment

REQUEST FOR ACTION

To: City Attorney David B. Keller
or
Associate City Attorney John H. Logan

From: (Name, Title & Department) Board of Public Works

Approved by J. D. Powell
(Person authorized to forward legal work)

Date: December 4, 1972

Subject: Special Ordinance approving Petition to Public Service Commission on
(File subject designation) Fuel Clause for Electric Utility

File # Assigned by Records Librarian

3005

Date: December 5, 1972

Action Requested: Approval of a Petition being filed jointly with other
cities in the State for approval of a fuel clause provision which would allow
the Electric Utility to increase or decrease customer rates at the same time
fuel costs increase or decrease.

(Continue on reverse side, if necessary)

cc: City Attorney David B. Keller
(If request originally sent to an Associate City Attorney)
Mayor Ivan A. Lebamoff
Department Head of Requesting Party

DIGEST SHEETTITLE OF ORDINANCE Special OrdinanceDEPARTMENT REQUESTING ORDINANCE Board of Public Works

SYNOPSIS OF ORDINANCE Petition to the Indiana Public Service Commission being
filed jointly with other cities in Indiana for approval of a fuel clause provision.
This provision will allow the electric utility to increase or decrease its rates at
the same time fuel costs increase or decrease.

EFFECT OF PASSAGE If accepted by the Public Service Commission, it would
eliminate the necessity for the Utility to go before the PSCI in order to adjust
electric rates when fuel costs go up or down.

EFFECT OF NON-PASSAGE If not approved by the Council, the City would be
delayed in presenting their petition to the PSCI at their scheduled meeting to be
held January 8, 1973.

MONEY INVOLVED (Direct Costs, Expenditures, Savings) _____

ASSIGNED TO COMMITTEE (J.N.) _____

ORDINANCE CHECK-OFF SHEET

INFORMATION REGARDING ORDINANCE

CONTENTS OF ORDINANCE

	BILL NO. <i>B-72-12-15</i>
	ORDINANCE NO. <i>B-21-72</i>
<input checked="" type="checkbox"/>	REGULAR SESSION <i>12-5-72</i> <i>B-21-72</i>
	SPECIAL SESSION
	APPROVED AS TO FORM AND LEGALITY <i>J. Legan</i>
	BILL WRITTEN BY
	DATE INTRODUCED
	REFERRED TO SAID STANDING COMMITTEE
	REFERRED TO CITY PLAN
	LEGAL PUBLIC HEARING
	LEGAL PUBLICATION
	JOINT HEARING
	DEPARTMENT HEARING
	HOLD FILE
	PASS
	DO NOT PASS
	WITHDRAWN
	SUSPENSION OF RULES
	PRIOR APPROVAL
	ORDINANCE TAKEN OUT OF OFFICE
	OTHER INSTRUCTIONS REGARDING ORDINANCE
	CORRECTIONS MADE TO ORDINANCE
	PEOPLE SPEAKING FOR ORDINANCE
	PEOPLE SPEAKING AGAINST ORDINANCE

<input checked="" type="checkbox"/>	COMMITTEE SHEET
<input checked="" type="checkbox"/>	VOTE SHEET
	PURCHASE ORDERS
	<i>Petition to Public Service Commission</i>
	BIDS
	ORDERS, BIDS OR OTHER PAPERS TAKEN OUT AND BY WHOM
	LETTER REQUESTING ORDINANCE DRAWN UP BY CITY ATTORNEY
	<i>Bonus to Logan</i> COMMUNICATIONS FROM
	ZONING MAPS
	ABSTRACTS
	TITLES
	PRIOR APPROVAL LETTER

*Request for action
Direct such*

COUNCILMAN'S VOTE

	AYES	NAYS	ABSENT
BURNS	X		
HINGA			X
KRAUS	X		
MOSES	X		
NUCKOLS	X		
D. SCHMIDT	X		
V. SCHMIDT	X		
STIER	X		
TALARICO	X		

COMMENTS: